

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
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R 111648Z MAY 77

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6586

UNCLAS TEGUCIGALPA 2130

E.O. 11652: N/A

TAGS: EAGR, HO

SUBJ: COFFEE EXPORTERS, SUSPEND SHIPMENTS

1. HONDURAS ASSOCIATION OF COFFEE EXPORTERS DECIDED MAY 9 TO SUSPEND EXPORTS SALES UNTIL PRICES AGAIN SATISFACTORY LEVELS. GUILLERMO GUTIERREZ, ASSOCIATION PRESIDENT, TOLD REPORTERS THIS ACTION STEMS FROM "THE RECENT DRASTIC (60 CENTS A POUND) FALL IN WORLD COFFEE PRICES," WHICH HE ATTRIBUTED TO MANEUVERS OF CERTAIN BUYERS AND SPECULATORS. HE WAS OPTIMISTIC THAT PRICES SOON WOULD RECOVER BECAUSE THE COFFEE SHORTAGE WAS, IN HIS WORDS, REAL AND WORSENING.

2. GUTIERREZ CLAIMED THAT U.S. DEPARTMENT OF AGRICULTURE TENDS TO OVER-ESTIMATE COFFEE PRODUCTION IN CENTRAL AMERICA. USDA ESTIMATE FOR HONDURAS 1976-77 HARVEST, HE SAID, WAS 840,000 BAGS (60 KILOGRAM), WHILE ACTUAL CROP WAS 600,000 BAGS. HE GUADDED THAT QTE THERE EXISTS IN IMPORTING COUNTRIES A MARKED INTEREST IN CREATING THE IMPRESSION THAT WORLD SUPPLY WAS GREATER THAN IT IS UNQTE.

3. CHARGE CONVERSATIONS WITH TRADE INDICATE THAT THIS PRIVATE EXPORTERS ASSOCIATION'S OWN ESTIMATES UNDERSTATE PRODUCTION.

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HONDURAN COFFEE INSTITUTE (IHCAFE), A GOH ENTITY, HAS CALLED A MEETING OF GROWERS AND TRADERS FOR THREE P.M. MAY 11 TO DISCUSS SITUATION AND EXPORTERS' ACTION. INSTITUTE'S ASSISTANT MANAGER, SALOMON ORDONEZ TOLD EMBOFF THAT ABSTENSION FROM EXPORTS WAS EXPECTED TO BE SHORT-LIVED. CHARGE EXPRESSED GENERAL USG INTEREST IN ORDERLY MARKETING.

COMMENT: EXPORTERS ASSOCIATION APPEARS EVEN TO HAVE UNDERSTATED
AGATT ESTIMATE OF 1976-77 COFFEE CROP (965,000 BAGS). EMBASSY
NOTES FROM MAY 6 LATIN AMERICAN BRIEFS (NO. 77-070) THAT THERE
IS WIDE DIVERGENCE ALSO BETWEEN RECENT ESTIMATES OF BRAZIL
COFFEE INSTITUTE AND ON-THE-SPOT OBSERVATIONS OF U.S. AGATT.
WE MAY BE WITNESSING STEP-UP IN EFFORTS BY TRADERS IN CERTAIN
COFFEE-PRODUCING COUNTRIES TO OFFSET REPORTS OF INCREASED
PRODUCTION WHICH PRESUMABLY ARE BEHIND RECENT PRICE DECLINES
ON NEW YORK MARKET. WE WILL REPORT ANY SIGNIFICANT OUTCOME OF
IHCAFE MEETING.
STAHLMAN

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